

**WATER/DON:jrb**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**WATER DIVISION**

**RESOLUTION NO. W-4401**

**June 5, 2003**

**R E S O L U T I O N**

**(RES. W-4401), DEL ORO WATER COMPANY, COUNTRY ESTATES DISTRICT (DOWCCE). ORDER AUTHORIZING AN OFFSET RATE INCREASE OF \$4,719 OR 7.0% IN ADDITIONAL REVENUE DUE TO PURCHASED POWER COSTS.**

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**SUMMARY**

By Advice Letter 116, dated April 21, 2003, DOWCCE seeks to increase rates by \$4,719 or 7.0% to cover expenses incurred in purchased power costs. The increase will not result in a rate of return greater than last authorized for DOWCCE.

**BACKGROUND**

By Decision (D.) 00-05-027, dated May 4, 2000, Del Oro Water Company was authorized to acquire the Country Estates Water Company. DOWCCE supplies water to 90 customers, nine miles east of Bakersfield in Kern County.

Pursuant to Commission D.01-03-082, Southern California Edison Company (SCE) and Pacific Gas and Electric Co. (PG&E) were granted a rate surcharge of \$0.03 per kilowatt-hour due to the recent increase in wholesale electricity costs. As a result of the surcharge granted to SCE, DOWCCE is seeking to increase its water rates by \$4,719 to offset the estimated increase in purchased power costs.

DOWCCE requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to adjust rates to offset this increase in its purchased power costs.

## **NOTICE AND PROTESTS**

Notice of the proposed rate increase was mailed to the customers on April 10, 2003. The Water Division received no letters objecting to the increase.

## **DISCUSSION**

Pursuant to D.01-03-082, SCE's surcharge rates have resulted in a \$4,719 increase in purchased power costs to DOWCCE.

DOWCCE is requesting the increase in purchased power costs be recovered by increasing both the quantity rate and service charge rate by the 7% overall rate increase percentage. The expense change affects the cost of pumping and should be recovered in the commodity (quantity) rate, not the service charge. DOWCCE should be ordered to file a supplement to Advice Letter No. 116 with a quantity charge rate of \$1.206 per Ccf.

DOWCCE's Summary of Earnings, submitted with this Advice Letter, indicates DOWCCE is earning a rate of return of 8.57%. Resolution No. W-4301 authorized DOWCCE a rate of return of 13.00 percent. DOWCCE is not over earning its authorized rate of return. The offset increase requested herein is for the purpose of recovering in rates on a dollar-for-dollar basis changes in items that have occurred or were mandated when the present rates became effective. This rate increase will not result in a return greater than that previously authorized.

## **FINDINGS**

1. SCE has recently raised rates DOWCCE must pay to purchase power to operate DOWCCE's pumps and motors.
2. DOWCCE filed this Advice Letter on April 21, 2003 to recover those increased purchased power rates.
3. The Commission finds, after investigation by the Water Division, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

**THEREFORE IT IS ORDERED THAT:**

1. Del Oro Water Company, Country Estates District, is authorized to file a supplement to Advice Letter No. 116, to make effective on five days notice, Schedule No. CE-1A, Annual General Metered Service, showing a quantity charge rate of \$1.206 per Ccf, and to concurrently cancel the presently effective rate schedule.
2. Del Oro Water Company, Country Estates District, is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
3. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on June 5, 2003; the following Commissioners voting favorably thereon:

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WILLIAM AHERN  
Executive Director